

Company Announcement

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NKT A/S publishes prospectus and initiates rights issue

NKT A/S (the **Company** or **NKT**) today announces the initiation of a rights issue (the **Offering**) at a subscription ratio of 1:4 and subscription price of DKK 255 per new share. The Offering comprises up to 10,744,009 new shares, which are issued with pre-emptive rights to subscribe for the new shares for the Company's existing shareholders. A prospectus regarding the Offering is available on the Company's website investors.nkt.com (subject to certain restrictions).

The key terms of the Offering are the following:

- The Offering comprises up to 10,744,009 new shares with a nominal value of DKK 20 each
- The subscription price is DKK 255 per new share
- The gross proceeds of the Offering will be approximately DKK 2,740m assuming all new shares are subscribed for in the Offering
- Each of the Company's existing shareholders will be allocated one (1) pre-emptive right for each one (1) existing share held
- The subscription ratio of the Offering is 1:4, meaning that four (4) pre-emptive rights will entitle the holder to subscribe for one (1) new share
- Existing shares traded after 9 June 2023 at 5:00 p.m. CEST will be traded without pre-emptive rights, provided that the existing shares are traded with the customary two-day settlement
- The pre-emptive rights can be traded in the period commencing on 12 June 2023 at 9:00 a.m. CEST and closing on 23 June 2023 at 5:00 p.m. CEST
- The subscription period for new shares commences on 14 June 2023 at 9:00 a.m. CEST and closes on 27 June 2023 at 5:00 p.m. CEST
- Any pre-emptive rights that are not exercised during the subscription period will lapse with no value, and the holder of such pre-emptive subscription rights will not be entitled to compensation. Such remaining shares may be subscribed for by eligible existing shareholders of the Company and qualified investors during the subscription period

Background to the Offering and use of proceeds

On 22 February 2023, the Company announced that the Board of Directors planned to seek shareholder approval for increasing the authorization to issue new shares with pre-emptive rights for existing shareholders at the Company's annual general meeting held on Thursday 23 March 2023. The proposal was approved as per company announcement no. 10 of 23 March 2023.

As per the authorization granted on the annual general meeting, the authorization, valid until 22 March 2024, may be utilized to increase the Company's share capital with up to nominally DKK 429,760,360 (21,488,018 shares of DKK 20 each), corresponding to a maximum of 50 percent of the existing shares.

As informed in company announcement no. 18 of 24 May 2023, the Company intends to raise around EUR 350m by issuing new shares with pre-emptive rights for existing shareholders. This was based on the Company's current evaluated capital requirements.

The Offering is expected to raise gross proceeds to the Company of approximately DKK 2,740m, assuming all new shares are subscribed for. The net proceeds to the Company from the Offering are expected to be approximately DKK 2,653m after deduction of costs and expenses payable by the Company in relation to the Offering, assuming all new shares are subscribed for.

The net proceeds are to be applied towards investments in production and installation capacity in order to execute on NKT's current record-level high-voltage (**HV**) order backlog as well as meet anticipated future customer demand. Further, it will strengthen the capital base in order to provide the Company with improved balance sheet flexibility (for instance when NKT issues guarantees, which customers typically require as security under HV power cable projects). Combined with the Company's strategic direction, the net proceeds from a successful Offering are expected to support the Company's commitment to a robust capital structure and its targeted leverage ratio of up to 0.0x and a solvency ratio of above 30 percent.

Investing in production and installation capacity to meet expected future demand

The HV power cable market has grown significantly in recent years and the market outlook remains positive driven by the transition to renewable energy and the continuing electrification of societies.

NKT estimates that the average addressable HV power cable market measured as projects awarded was approx. EUR 5bn in 2021 and EUR 8bn in 2022. NKT estimates that the value of projects awarded in its addressable HV power cable market to be at least EUR 8bn on average per year in 2023 and 2024. In recent years, NKT has invested in its HV production and execution capabilities and capacity on the back of a growing HV order backlog. As part of its strategy, NKT aims to pursue continued profitable and responsible growth.

In May 2023, TenneT, a major transmission system operator in the Netherlands and Germany, selected NKT to provide several 525 kV high-voltage direct current (HVDC) on- and offshore power cable systems under a multi-year framework agreement for Nederwiek 3 and Doordewind 1 & 2 offshore wind farms. The contracts for these projects will have a combined value of approx. EUR 1.5bn. Additional projects could be added under the framework agreement.

With the orders recently awarded, NKT will initiate a new high-voltage investment program to improve turnkey capacity and capabilities, including a significant expansion of the production site in Karlskrona, Sweden, and a new market leading cable-laying vessel.

The investment program will expectedly amount to approx. EUR 1bn between 2023 and 2026. The new assets will be operational from 2027. In addition, NKT will still have ongoing maintenance and less sizable investments in the business.

Strengthen the financial foundation to execute on HV order backlog with growing project complexity and magnitude

NKT has been awarded HV projects of approx. EUR 5bn in 2023 (market prices) and the HV order backlog for NKT was at EUR 7.0bn (market prices) on 31 March 2023.

A strong capital base is expected to increase NKT's competitiveness related to sizable HV power cable projects and provide it with improved financial flexibility.

With the anticipated investments, NKT plans to grow its Solutions business line further to make it an even larger part of NKT's operations. This will increase NKT's relative exposure to sizeable HV power cable projects and the associated risks. In addition, these projects will by nature lead to fluctuations in working capital due to the phasing of receipt of contractual milestone payments from customers.

The increased order intake will also require NKT to be capable of ensuring higher levels of the guarantees that customers typically require as security under the projects and to have trading lines available to hedge its increased commodity price exposure.

Sale of NKT Photonics

On 24 June 2022, the Company announced the entry into an agreement to divest NKT Photonics to Photonics Management Europe S.R.L, a 100 percent owned subsidiary of Hamamatsu Photonics K.K. (jointly **Hamamatsu**). On 2 May 2023, the Company received notification that Hamamatsu had been denied the requisite authorization under the Danish Investment Screening Act to acquire NKT Photonics, which is a condition to the completion of the sale. According to the decision adopted by the Danish Minister for Industry, Business, and Financial Affairs, Hamamatsu's acquisition of NKT Photonics would pose a threat to national security in Denmark. Therefore, as of the date of this announcement, there is a material risk that the divestment of NKT Photonics to Hamamatsu cannot close. The Company awaits Hamamatsu's further actions in response to the Danish FDI decision and, separately, the Company evaluates its options considering the decision. If the transaction does not proceed to closing, the Company will undertake a new strategic review of the ownership of NKT Photonics.

Support from management

Certain members of the Company's Board of Directors and Executive Management who hold shares in the Company have indicated that they intend to exercise their pre-emptive rights.

Prospective financial information and medium-term ambitions

As further described in the prospectus, the Company maintains its present prospective financial information for the financial year ending 31 December 2023 and its medium-term ambitions as announced in company announcement no. 18 of 24 May 2023.

Main terms of the Offering

Below is a summary of the main terms of the Offering. Reference is made to the prospectus for a detailed description of the terms of the rights issue.

- *The Offering:* The Offering comprises up to 10,744,009 new shares with a nominal value of DKK 20 each with pre-emptive rights for the Company's existing shareholders.
- *Subscription price:* The new shares are offered at a subscription price of DKK 255 per new share.
- *Subscription ratio:* Each existing shareholder of the Company registered as such with VP Securities A/S (**Euronext Securities Copenhagen**) on 13 June 2023 at 5:59 p.m. CEST will be allocated one (1) pre-emptive right per one (1) share held. The subscription ratio for the Offering is 1:4, which means that four (4) pre-emptive rights will entitle the holder to subscribe for one (1) new share with a nominal value of DKK 20 each.
- *Trading in pre-emptive subscription rights:* The pre-emptive rights can be traded on Nasdaq Copenhagen A/S under the temporary ISIN code DK0062495826 during the period from 12 June 2023 at 9:00 CEST to 23 June 2023 at 5:00 p.m. CET.
- *Subscription period:* The subscription period for the new shares commences on 14 June 2023 at 9:00 a.m. CEST and closes on 27 June 2023 at 5:00 p.m. CEST. Any pre-emptive rights that are not exercised during this subscription period will lapse with no value, and the holder of such pre-emptive subscription rights will not be entitled to any compensation.
- *Payment and delivery:* Upon exercise of the pre-emptive subscription right, the holder must pay DKK 255 per new share subscribed for. Payment of the new shares shall be made in Danish kroner (DKK) on the date of subscription, however, no later than 27 June 2023 at 5:00 p.m. CEST.
- *Remaining shares:* New shares not subscribed for by exercise of a pre-emptive right before the expiry of the subscription period may be subscribed for by eligible existing shareholders or qualified investors, who before the expiry of the subscription period have made binding undertakings to subscribe for the remaining shares according to a separate application form contained in the prospectus. In case of oversubscription of remaining shares, such remaining shares will be allocated according to appointment keys determined by the Company's Board of Directors. The Offering is not underwritten by the Managers.
- *Trading and official listing of new shares:* After payment of the subscription price, the new shares will be issued in the temporary ISIN code DK0062495909 through Euronext Securities Copenhagen. The new shares will not be admitted to trading and official listing on Nasdaq Copenhagen A/S under the temporary ISIN code. The temporary ISIN code is registered in Euronext Securities Copenhagen solely for the subscription of the new shares.

The new shares will be registered with the Danish Business Authority after the completion of the Offering, expectedly no later than 4 July 2023. The new shares are expected to be admitted to trading and official listing on Nasdaq Copenhagen A/S under the permanent ISIN code for the Company's existing shares DK0010287663 on 5 July 2023. The temporary ISIN code will be merged with the permanent ISIN code of the existing shares on 6 July 2023 after 5:59 p.m. CEST.

- *Withdrawal of the Offering:* The Offering may be withdrawn by the Company, subject to certain conditions, before registration of the capital increase relating to the new shares with the Danish Business Authority.

If the Offering is withdrawn, any exercise of pre-emptive rights that has already taken place will be cancelled automatically. The subscription amount for the new

shares will be refunded (less any transaction costs) to the last registered owner of the new shares as at the date of such withdrawal. All pre-emptive rights will lapse, and no new shares will be issued.

Trades of pre-emptive rights executed during the rights trading period will, however, not be affected. Consequently, investors who have acquired pre-emptive rights will incur a loss corresponding to the purchase price of the pre-emptive rights and any transaction costs.

Investors who have acquired new shares will receive a refund of the subscription amount for the new shares (less any transaction costs). Consequently, investors who have acquired new shares may incur a loss corresponding to the difference between the purchase price and the subscription price of the new shares and any related transaction costs.

The Joint Global Coordinators, on behalf of the Managers, are entitled to terminate the rights issue agreement upon the occurrence of certain exceptional events and/or unpredictable circumstances. The rights issue agreement also contains conditions for completion, which the Company believes to be customary for offerings such as the Offering, and the completion of the Offering pursuant to the rights issue agreement is subject to compliance with all such conditions in the rights issue agreement. If one or more conditions for completion are not met, the Joint Global Coordinators, on behalf of the Managers, may, at their discretion, terminate the rights issue agreement which may thereby require that the Company withdraws the Offering.

The Company is not liable for any losses that investors may suffer as a result of withdrawal of the Offering including but not limited to, any transaction costs or lost interest.

Any such withdrawal will be notified via Nasdaq Copenhagen A/S.

- *Lock-ups:* Following the Offering, the Company and members of the Board of Directors and Executive Management will be subject to a 180-day lock-up, subject to certain exceptions.

Expected timetable for the Offering

The timetable for main events relating to the rights issue is as follows:

Event	Date
Publication of prospectus	8 June 2023
Last trading day in existing shares including pre-emptive rights ¹⁾	9 June 2023 at 5:00 p.m. CEST
First day of trading in existing shares excluding pre-emptive rights ...	12 June 2023
Rights trading period commences	12 June 2023
Allocation time of pre-emptive rights	13 June 2023 at 5:59 p.m. CEST
Subscription period for new shares commences	14 June 2023
Rights trading period closes	23 June 2023 at 5:00 p.m. CEST
Subscription period for the new shares closes	27 June 2023 at 5:00 p.m. CEST
Expected publication of result of the Offering	29 June 2023

Allocation of new shares not subscribed for by existing shareholders (the remaining shares).....	29 June 2023
Completion of the Offering, including settlement of the new shares...	4 July 2023
Registration of the share capital increase regarding the new shares with the Danish Business Authority	4 July 2023
First day of trading and official listing of the new shares on Nasdaq Copenhagen A/S under the ISIN code of the existing shares	5 July 2023
Expected merger of temporary and permanent ISIN codes	6 July 2023 after 5:59 p.m. CEST

¹⁾ Trading in shares after the last trading day in existing shares including pre-emptive rights on 9 June 2023 at 5:00 p.m. CEST will be exclusive of rights to receive pre-emptive rights for the buyer unless the parties to the trade in question have taken measures to settle the trade in Euronext Securities Copenhagen prior to the allocation time of pre-emptive rights on 13 June 2023 at 5:59 p.m. CEST and, thus, chosen not to settle according to the customary settlement cycle with settlement two trading days after the transaction date.

Teleconference

The Company will host a teleconference for eligible investors and financial analysts on 8 June 2023 at 11.00 a.m. CEST. Participation in the teleconference requires registration via following [link](#) while the teleconference with access to ask questions can be accessed via following [link](#).

It can be accessed at investors.nkt.com (subject to certain restrictions). The presentation for the call will be available before the teleconference.

Managers and legal advisors

Danske Bank A/S, J.P. Morgan SE and Nordea Danmark, filial af Nordea Bank Abp, Finland (collectively, the **Joint Global Coordinators**) are acting as joint global coordinators and joint bookrunners of the Offering, and Skandinaviska Enskilda Banken, Danmark, filial af Skandinaviska Enskilda Banken AB (publ.), Sverige and Nykredit Bank A/S are acting as joint lead managers (collectively, together with the Joint Global Coordinators, the **Managers**). Kromann Reumert and Allen & Overy act as Danish and international legal advisors, respectively, to the Company. Gorrissen Federspiel Advokatpartnerselskab and Davis Polk & Wardwell act as Danish and international legal advisors, respectively, to the Managers.

Prospectus

Following publication, the prospectus containing detailed information on the Company and the Offering will, subject to certain restrictions, be available on the Company's website investors.nkt.com. Apart from information that is incorporated into the prospectus by reference, the contents of the website of the Company does not form part of the prospectus.

Contact

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Important disclaimer

This company announcement contains forward-looking statements. These statements are not guarantees of future performance and involve certain risks and uncertainties, in particular this announcement should not be construed as a confirmation neither that the Offering will complete, nor of the deal size or the price. Therefore, actual future results may differ materially from what is forecast in this report due to a variety of factors.

This announcement is intended for the sole purpose of providing information. Persons needing advice should consult an independent financial adviser. This announcement does not constitute an investment recommendation.

This announcement is not a prospectus and investors should not purchase any securities referred to in this announcement on the basis of this announcement. The information contained in this announcement is for background purposes only and does not purport to be full or complete. No reliance may or should be placed by any person for any purposes whatsoever on the information contained in this announcement or on its completeness, accuracy or fairness. The information in this announcement is subject to change. No obligation is undertaken to update this announcement or to correct any inaccuracies, and the distribution of this announcement shall not be deemed to be any form of commitment on the part of the Company to proceed with any transaction or arrangement referred to herein. This announcement has not been approved by any competent regulatory authority.

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*Other than in respect of the offers of securities in Denmark contemplated by the prospectus relating to the Company, this announcement has been prepared on the basis that any offers of securities referred to herein in any Member State of the European Economic Area (**EEA**) or the United Kingdom will be made pursuant to an exemption under Regulation (EU) 2017/1129 on prospectuses (the **Prospectus Regulation**) from the requirement to publish a prospectus for offers of such securities. Other than in respect of offers of securities in Denmark contemplated by the prospectus relating to the Company, the information set forth in this announcement is only being distributed to, and directed at, persons in Member States of the EEA or the United Kingdom, other than Denmark, who are qualified investors (**Qualified Investors**) within the meaning of Article 2(e) of the Prospectus Regulation.*

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Under no circumstances should persons who are not Relevant Persons rely or act upon the contents of this announcement. Other than in respect of offers of securities in Denmark contemplated by the prospectus relating to the Company, any investment or investment activity to which this announcement relates is not available to and may not be engaged with, persons (i) in any Member States of the EEA who are not Qualified Investors, or (ii) in the United Kingdom who are not Relevant Persons.

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